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MEMORANDUM FOR: See Distribution

ODP #81-1736

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FROM: [redacted]
Executive Officer to the DDA
SUBJECT: 1984 Program

1. I recently received a briefing from the Comptroller regarding the 1984 program submission. The information which was conveyed at this session was somewhat fragmented, but still useful. Some of the points conveyed were as follows:

a. The DDCI is a strong believer that NFIP programs will be more understandable to the outside world, and we can make a better case for enhancements and investments, by justifying by target.

b. Target budgeting provides a better idea of why we do certain things and how resources tie into intelligence problems. The essence of a "winning budget" is showing how we are better off with a resource increment than without it--ZBB did not do that for CIA. It forced us to be so defensive we didn't show exactly what was missing at the minimum and austere levels to set the stage for current and enhanced packages.

c. The 2 November capability submissions were unique, representing our first coherent look at resources against targets. While there are clearly some improvements needed, it was a big success.

d. We must get the budget closer to the way we manage. Use of "expenditure center" (office, division, or very large staff) will help.

e. Under the target budgeting system, the Base represents the level of resources needed to maintain the capability that exists at the beginning of the budget year. We will be getting an Agency guidance number for the Base. The Comptroller will give each directorate a Base guidance number for each of its expenditure centers (office or division). The Base number for 1984 will be the 1983 program level, plus inflation, plus one percent, plus any 1983 new initiatives entering the Base. The directorates can allocate and justify the one percent as they wish.

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f. Ongoing Initiatives refer to multi-year programs with high visibility. Some examples are the NPIC upgrade, SAFE, CRAFT, Commo upgrade, etc. Ongoing Initiatives get into the Base when they are fully operational. As a rule, this will be one year after they have reached full operational capability and are down to O&M costs. Ongoing Initiatives should be included in separate packages.

g. New Initiatives are much like enhancements under ZBB. Directorates will submit packages for New Initiatives in whatever ways make sense. Each New Initiative must be targeted. New Initiatives should address shortfalls in the Base level.

h. We should put as much of our items as possible into the Base level--there will be no ranking of the Base. Ranking of New Initiatives will center on prioritization of shortfalls.

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2. The tentative schedule for the 1984 program was outlined as follows:

| | | |
|----------------------------|---|------------------------------|
| Call | - | late January |
| Dollar Guidance | - | late February |
| CPB Submission | - | 7 May |
| EXCOM | - | late June |
| Revised Submission | - | 15 July |
| Final EXCOM | - | 1 August |
| Budget to IC Staff and OMB | - | 15 August or 15 September |

3. I would strongly urge that you begin to work on your 1984 programs without any delay in order to avoid the difficult deadlines which are routinely imposed on us. It seems to me that you can start preparing your Base program, outlining capabilities and shortfalls, and addressing what it will cost in 1984 to carry out your 1983 program. Serious shortfalls should be addressed by your New Initiatives. New Initiatives should address our new recapitalization plans as well as any new programs we are planning to undertake in 1984. Ongoing Initiatives seem to be fairly straight forward, i.e., multi-year programs with high visibility.

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4. When preparing the 1984 program, please keep in mind the unfunded requirements which have surfaced in the past as well as the increased requirements which will be levied on us from the other directorates. The DDS&T Plans Officer spoke of a number of DDS&T activities which will impact

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